


AR20

SQUARE D COMPANY



1969
ANNUAL REPORT

THE PLAN FOR GROWTH

A large, embossed graphic of a globe is centered on the lower half of the page. The globe shows the outlines of the continents and is surrounded by a rectangular border. The text 'WHEREVER ELECTRICITY IS DISTRIBUTED AND CONTROLLED' is superimposed over the center of the globe.

WHEREVER ELECTRICITY IS DISTRIBUTED AND CONTROLLED



SQUARE D COMPANY

annual report for the year ended December 31, 1969

CONTENTS

Summary of 1969 Operations . . . 1

Source and Application of Funds . . . 1

Letter to Shareholders . . . 2-3

Consolidated Statement of Financial Condition . . . 4-5

Notes to Financial Statements . . . 6

Accountants' Report . . . 6

Ten-Year Summary . . . 7

The Plan for Growth

Demand for Power . . . 9

Industrial Market . . . 10

Construction Market . . . 11

Expansion of Facilities . . . 12-13

Innovation and Improvement . . . 14-15

Officers . . . 16

Directors . . . Inside Back Cover

Operations . . . Inside Back Cover

EXECUTIVE OFFICES

Executive Plaza, Park Ridge, Illinois 60068
(Incorporated in State of Michigan 1903)

ANNUAL MEETING

Fourth Tuesday in April

CAPITAL STOCK LISTING (SQD)

New York Stock Exchange

TRANSFER AGENTS

National Bank of Detroit

Detroit, Michigan 48232

Morgan Guaranty Trust Company
of New York

New York, New York 10015

REGISTRARS

The Detroit Bank & Trust Company

Detroit, Michigan 48231

Bankers Trust Company

New York, New York 10015

SHAREHOLDERS OF RECORD

23,000



Summary of 1969 Operations

(000 omitted)

	1969	1968
SALES	\$233,013	\$203,929
NET EARNINGS		
Before Taxes	52,624	46,419
After Taxes	25,324	22,694
Per Sales Dollar11	.11
Earnings Per Share	1.22	1.10
DIVIDENDS DECLARED (Cash)		
Total	19,580	19,571
Per Share95	.95
WORKING CAPITAL	82,124	80,988
LAND, BUILDINGS, EQUIPMENT		
Net Value—December 31	30,874	25,755
Gross Additions	8,464	5,335
Depreciation	3,026	2,683
SHAREHOLDERS' EQUITY—December 31		
Total	117,567	111,807
Per Share	5.70	5.42

Statement of Source and Application of Funds

(000 omitted)

	1969	1968
Changes in Working Capital		
Net earnings	\$ 25,324	\$ 22,694
Depreciation charge	3,026	2,683
Investment credit	117	96
	\$ 28,467	\$ 25,473
Less:		
Dividends declared	\$ 19,580	\$ 19,571
Additions to property and equipment	8,464	5,335
	\$ 28,044	\$ 24,906
	\$ 423	\$ 567
Other:		
Proceeds from exercise of stock options	\$ 16	\$ 91
Market value of shares issued for shares of affiliated company		799
Change in other assets	697	(424)
Change in working capital	\$ 1,136	\$ 1,033
Changes in Cash and Marketable Securities		
Changes in working capital, except cash and marketable securities:		
Increase (decrease) in current assets:		
Receivables	\$ 3,809	\$ 1,040
Inventories	3,267	4,357
Insurance and other expenses paid in advance	31	119
	\$ 7,107	\$ 5,516
Less increase (decrease) in current liabilities:		
Dividends payable	\$ (1,545)	\$ 19
Taxes on income	2,170	(212)
Other	2,738	3,122
	\$ 3,363	\$ 2,929
Remainder	\$ 3,744	\$ 2,587
Change in working capital	1,136	1,033
Increase (decrease) in cash and marketable securities	\$ (2,608)	\$ (1,554)

To Our Shareholders

The year 1969 was a good year for Square D Company.

Consolidated net sales climbed to \$233,013,451 in 1969, up 14 percent from sales of \$203,929,340 in 1968. This increase reflects the continuing growth in general demand for electrical products as well as excellent customer acceptance of many new products brought to market by Square D in recent years.

Consolidated net earnings totalled \$25,324,259, or \$1.22 per share in 1969, up 11 percent from \$22,694,910, or \$1.10 per share the year before. The 10 percent Federal surtax reduced 1969 earnings by approximately 12 cents per share.

Pretax earnings were \$52,624,259 in 1969, compared to \$46,419,910 in 1968.

THE PLAN FOR GROWTH

During the 1970's, Square D intends to participate aggressively in the many opportunities for growth available to the Company. To this end, the Company in 1969 initiated a new, long-range planning program based upon forecasts of continuing long-term growth by the nation's economy, the electrical industry and the markets served by the Company.

Major elements in this long-range program include:

—An extensive building program to expand and improve the efficiency of production operations.

—Continuing improvements in the product distribution system, particularly through the use of a new nationwide computer network installed in 1969.

—Intensification of efforts to obtain new products in internal research and development programs and by acquisition.

Further details of these aspects of the long-range

program, plus indications of the growth anticipated in the markets for Square D equipment, are contained in the section entitled "The Plan for Growth" beginning on page eight of this report.

ANDERSON ELECTRIC

In line with efforts to diversify the products and markets of the Company, Square D announced its intent to acquire Anderson Electric Corporation, Leeds, Ala., in December. In January, 1970, both Companies signed a definitive agreement upon approval by both Boards of Directors. Approval of this agreement by Anderson shareholders and a favorable ruling from the Internal Revenue Service are expected in April, 1970, and the acquisition should be completed at that time.

Under terms of the agreement, Square D will acquire all assets and liabilities of Anderson in exchange for approximately 782,000 shares of Square D common stock. This stock subsequently will be distributed to Anderson shareholders on the basis of .875 shares of Square D common stock for each Anderson share.

With 1969 sales volume of \$20,931,483, Anderson Electric sells a variety of products, principally to electric utilities. Among Anderson equipment lines are cable and wire connectors and "hot line" tools for installation and repair work on high voltage transmission lines. Other products include electric substations and a new line of steel transmission poles.

Anderson's products and the electric utility market for which they are designed are new to Square D operations, thus providing additional avenues for growth in the years ahead.

MANAGEMENT CHANGES

In another aspect of the Company's long-range program, some changes in management

personnel and organization have been made within the past year.

D. E. Wilson was elected Vice President—Finance, replacing T. R. Oakes who will continue to serve as a member of the Board of Directors. Mr. Wilson has 20 years experience in finance, including 13 years as a senior financial executive for a Chicago-area manufacturing firm.

Walter G. Nollenberger was named Group Manager of a newly created manufacturing group responsible for the operations of the Company's nine U. S. assembly plants. His replacement as Division Manager of the Heavy Industry Division in Cleveland, Ohio, is Richard J. Watzin.

Robert E. King was named to the newly created position of Product Manager and will supervise the product planning and development activities of the Marketing Division. C. R. Thompson assumed King's former post as Western Sales Manager and W. D. Smiley replaced Thompson as Southwestern Region Manager.

Other management changes previously announced included the election of five new officers. Those elected and their new titles included: Walter R. Clarke, Vice President—Marketing; Jack P. Mayotte, Vice President—International; James S. Vaughan, Vice President—Group Manager; Edmund R. Fowler, Secretary; and Robert E. Sheridan, Treasurer—Controller.

Among changes on the Board of Directors, L. G. Maechtlen retired as Chairman in April, 1969. A Director since 1951, he will continue to serve on the Board. Mr. Maechtlen, who has 43 years of service with Square D, served as President between 1960-1968.

In December, Grant McDonald, Vice President—Group Manager, was elected to the Board of Directors. He fills the vacancy created by the retirement of

Howard Hall who served on the Board for 15 years.

Finally, we regret to report the death of John D. Leitch in March, 1969. Mr. Leitch was an Honorary Director who retired from the Board in 1968 after 13 years of service. An officer of the Electric Controller & Manufacturing Company when it was acquired by Square D in 1955, Mr. Leitch directed the research and development activities of Square D until his retirement from active employment in 1964.

By order of the
Board of Directors,
March 23, 1970.

M P Kartalia

M. P. Kartalia,
President



Square D Company and Consolidated Subsidiary, Square D Company Canada Limited

Consolidated Statement of Financial Condition

	December 31 1969	December 31 1968
CURRENT ASSETS:		
Cash	\$ 5,481,034	\$ 8,791,995
Marketable securities—at cost (approximates market)	21,041,496	20,339,113
Receivables, less allowances for losses, adjustments and discounts (1969 and 1968—\$650,000)	27,994,744	24,185,407
Inventories (Note B)	58,310,124	55,043,299
Insurance and other expenses paid in advance	1,118,618	1,087,889
TOTAL CURRENT ASSETS	\$113,946,016	\$109,447,703
CURRENT LIABILITIES:		
Dividend payable January 2, 1970 and 1969	\$ 7,213,884	\$ 8,759,405
Notes payable (Note C)	1,440,000	—
Materials and services	7,291,920	6,865,874
Wages and salaries	6,007,207	5,462,629
Franchise, property and miscellaneous taxes	2,621,776	2,294,749
Taxes on income, payable to United States and Canada	7,246,997	5,076,638
TOTAL CURRENT LIABILITIES	\$ 31,821,784	\$ 28,459,295
WORKING CAPITAL	\$ 82,124,232	\$ 80,988,408
INVESTMENTS IN NON-CONSOLIDATED FOREIGN AFFILIATES—at cost (Note D)	2,799,594	2,712,008
DEFERRED TAX BENEFITS	1,671,156	2,138,466
OTHER ASSETS	98,084	212,494
LAND, BUILDINGS AND EQUIPMENT— at cost less accumulated depreciation (Note E)	30,874,441	25,755,814
NET ASSETS—shareholders' equity	\$117,567,507	\$111,807,190
SHAREHOLDERS' EQUITY:		
Preferred stock:		
Authorized—6,000,000 shares; outstanding—none		
Common stock, par value \$1.66⅔ a share: (Notes F and G)		
Authorized—30,000,000 shares		
Issued and outstanding at Dec. 31, 1969—20,611,096 shares	\$ 34,351,828	\$ 34,350,475
Additional paid-in capital	9,340,693	9,325,772
Retained earnings	73,874,986	68,130,943
TOTAL	\$117,567,507	\$111,807,190

See notes to consolidated financial statements on page 6

**Consolidated Statement of Net Earnings**

	Year Ended December 31 1969	Year Ended December 31 1968
REVENUES:		
Net sales	\$233,013,451	\$203,929,340
Dividends and engineering fees from non-consolidated foreign affiliates	1,150,246	1,483,272
Interest and miscellaneous	1,377,397	1,831,145
	\$235,541,094	\$207,243,757
COSTS AND EXPENSES:		
Cost of products sold	\$150,553,735	\$131,667,455
Selling, service, administrative and general	32,363,100	29,156,392
	\$182,916,835	\$160,823,847
EARNINGS BEFORE TAXES ON INCOME	\$ 52,624,259	\$ 46,419,910
UNITED STATES AND CANADIAN TAXES ON INCOME: (Note H)		
At normal rates	\$ 24,860,000	\$ 21,585,000
U. S. 10% tax surcharge	2,440,000	2,140,000
	\$ 27,300,000	\$ 23,725,000
NET EARNINGS	\$ 25,324,259	\$ 22,694,910
Net earnings per share	\$ 1.22	\$ 1.10

Consolidated Additional Paid-In Capital

Additions During Year:

Excess of option price over par value of Common Stock issued under Employees' Stock Option Plan	\$ 14,921	\$ 81,320
Excess of market value over par value of shares issued for shares of affiliated company	—	732,796

Balance:

At beginning of year	9,325,772	8,511,656
At end of year	\$ 9,340,693	\$ 9,325,772

Consolidated Retained Earnings

Additions During Year:

Net earnings	\$ 25,324,259	\$ 22,694,910
Less cash dividends declared (\$.95 a share)	19,580,216	19,571,725
	\$ 5,744,043	\$ 3,123,185

Balance:

At beginning of year	68,130,943	65,007,758
At end of year	\$ 73,874,986	\$ 68,130,943

See notes to consolidated financial statements on page 6

Notes To Consolidated Financial Statements Year Ended December 31, 1969

A. Canadian Subsidiary:

The accounts of Square D Company Canada Limited have been consolidated in the accompanying financial statements at par of exchange. Conversion of these accounts to United States dollars would not have a significant effect on the financial statements.

The net assets of this subsidiary at December 31, 1969 amounted to \$7,440,901, including working capital of \$5,841,223.

B. Inventories:

Inventories at locations in the United States are stated at cost, which was not in excess of market, determined under the last-in, first-out method; inventories in Canada aggregating \$4,789,388 are stated at the lower of cost (determined under the first-in, first-out method) or market.

C. Notes Payable:

Notes payable consists of amounts borrowed from a bank abroad and repatriated in compliance with balance of payments regulations of the Office of Foreign Direct Investment, United States Department of Commerce.

D. Investments in Non-Consolidated Foreign Affiliates:

Investments—at cost	\$ 2,799,594
Square D equities in:	
Net assets	\$10,337,540
Net earnings for 1969	2,262,489
Dividends paid in 1969	618,129
Undistributed earnings for 1969*	1,340,708

*Adjusted for estimated United States & foreign income taxes.

E. Land, Buildings and Equipment:

	December 31	
	1969	1968
These assets consisted of the following:		
Land	\$ 2,091,106	\$ 2,013,914
Buildings and land improvements	31,228,304	28,675,557
Equipment	31,907,990	26,634,946
	<u>\$65,227,400</u>	<u>\$57,324,417</u>
Less accumulated depreciation	<u>34,352,959</u>	<u>31,568,603</u>
Net	<u>\$30,874,441</u>	<u>\$25,755,814</u>

The Company follows the policy of depreciating substantially all of these assets over their estimated useful lives using accelerated methods allowed by the Internal Revenue Code.

The Company changed its method of accounting for tooling expenditures as of January 1, 1969. Tooling expenditures, formerly charged to operations as incurred, are now being capitalized and depreciated over five years as allowed by the Internal Revenue Code. The effect of this accounting change was to increase 1969 net earnings by approximately \$650,000.

Depreciation charged against income amounted to \$3,026,249 in 1969 compared with \$2,683,570 in 1968. This was \$273,013 more in 1969 and \$13,766 less in 1968 than the provision for depreciation which would have resulted if the Company had used the straight-line depreciation method.

F. Changes in Common Stock:

Increases in common stock for the year include 812 shares at par value of \$1,353 issued due to exercise of stock options.

G. Stock Options:

	Number of Shares	Prices		
		Range		Average
		From	To	
January 1, 1969:				
Reserved for options	471,650	—	—	—
Outstanding	103,000	\$20.04	\$27.44	\$22.63
Exercised in 1969	812	20.04	—	20.04
Cancelled in 1969	30,313	20.04	24.75	21.40
Granted in 1969	63,000	21.31	—	21.31
December 31, 1969:				
Outstanding	134,875	20.04	27.44	22.31
Available for grant	314,825			
Reserved for options	449,700			
Exercisable	68,975			

The price for options granted is the fair market value of the stock on the date of granting such options. Options become exercisable two years after date of grant and expire five years after date of grant.

H. Taxes on Income:

The provision for taxes on income consists of:

	1969	1968
United States:		
Payable	\$26,119,882	\$24,209,790
(Increase) decrease in Deferred Tax Benefits	<u>467,310</u>	<u>(228,090)</u>
	<u>\$26,587,192</u>	<u>\$23,981,700</u>
Canada	<u>712,808</u>	<u>(256,700)</u>
	<u>\$27,300,000</u>	<u>\$23,725,000</u>

I. Pension Plans:

The Company has noncontributory pension plans covering substantially all of its employees. The total pension expense, including past service costs (amortized over a period not in excess of thirty years from the dates when such past service obligations were incurred), and current service costs, was \$1,837,000 for 1969 and \$2,195,000 for 1968. The decrease in pension expense in 1969 is primarily attributable to changes in actuarial factors.

J. Pending Acquisition:

The Company has entered into an Agreement and Plan of Reorganization, dated January 21, 1970, with Anderson Electric Corporation of Leeds, Alabama. Under the terms of this Agreement the Company will issue 781,875 shares of its unissued common stock for substantially all of the assets of Anderson. This acquisition, subject to approval by the shareholders of Anderson in April, 1970, will be accounted for as a pooling of interests when consummated. Net sales and net income of Anderson for the year ended December 31, 1969 were \$20,931,483 and \$793,041 respectively; net assets at December 31, 1969 were \$6,666,915.

Accountants' Report

To the Board of Directors and Shareholders, Square D Company:

We have examined the accompanying consolidated statement of financial condition of Square D Company and consolidated subsidiary as of December 31, 1969, and the related consolidated statements of net earnings, retained earnings and additional paid-in capital for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the consolidated financial position of Square D Company and consolidated subsidiary at December 31, 1969, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Chicago, Illinois
February 13, 1970

TOUCHE ROSS & CO.

The 10 Year Period 1960-1969

Square D Company and Consolidated Subsidiary

	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960
<i>(in thousands of dollars)</i>										
Net sales	\$233,013	\$203,929	\$197,208	\$198,739	\$181,815	\$157,153	\$135,902	\$127,606	\$116,717	\$116,021
Earnings before taxes on income	52,624	46,419	42,687	49,156	47,174	40,131	32,320	29,380	23,794	23,648
U.S. and Canadian taxes on income	27,300	23,725	20,050	23,460	22,538	19,543	16,451	14,952	12,114	12,031
Net earnings	25,324	22,694	22,637	25,696	24,636	20,588	15,869	14,428	11,680	11,617
Cash dividends	19,580	19,571	19,503	17,414	16,028	14,319	10,892	10,190	7,596	6,707
Earnings retained	5,744	3,123	3,134	8,282	8,608	6,269	4,977	4,238	4,084	4,910
Additions to property and equipment	8,464	5,335	3,977	1,981	3,310	2,597	3,154	2,347	1,184	4,027
Depreciation charge	3,026	2,683	2,794	2,819	2,828	2,739	2,615	2,576	2,404	2,391
Working capital	82,124	80,988	79,955	77,589	67,700	59,682	54,753	49,719	44,837	38,654
Shareholders' equity	117,567	111,807	107,794	104,501	95,389	86,579	80,055	74,694	70,335	65,904
<i>(000 omitted)</i>										
Shares outstanding at end of year*	20,611	20,610	20,564	20,555	20,517	20,502	20,475	20,429	20,414	20,362
<i>(in dollars per share)</i>										
Shareholders' equity*	\$ 5.70	\$ 5.42	\$ 5.24	\$ 5.08	\$ 4.65	\$ 4.22	\$ 3.91	\$ 3.66	\$ 3.45	\$ 3.24
Net earnings*	1.22	1.10	1.10	1.25	1.20	1.00	.77	.70	.57	.57
Cash dividends*95	.95	.95	.85	.78	.70	.53	.50	.37	.33

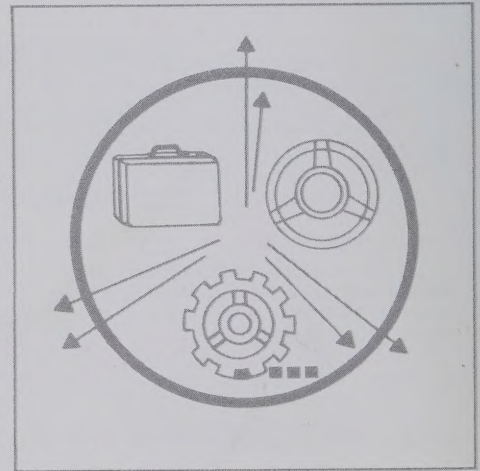
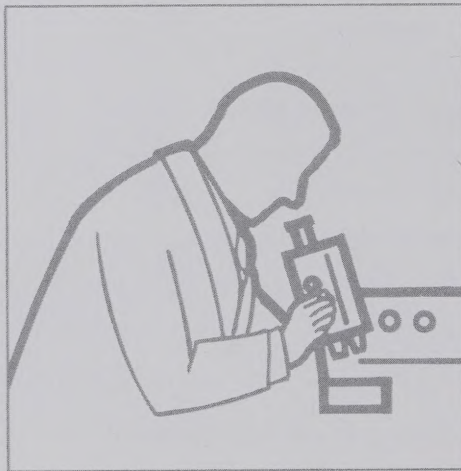
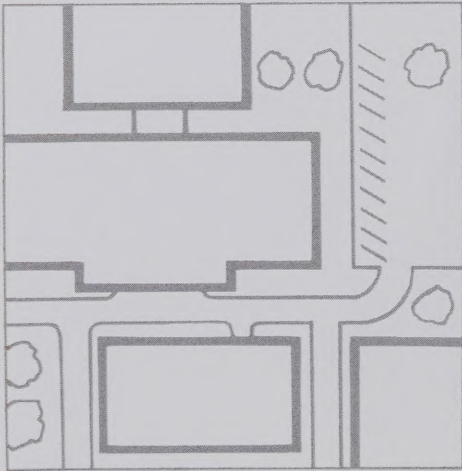
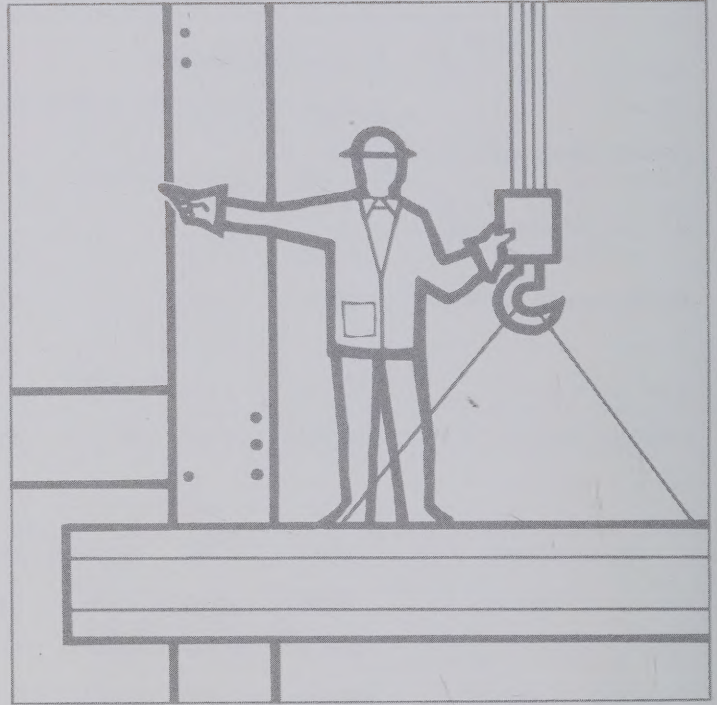
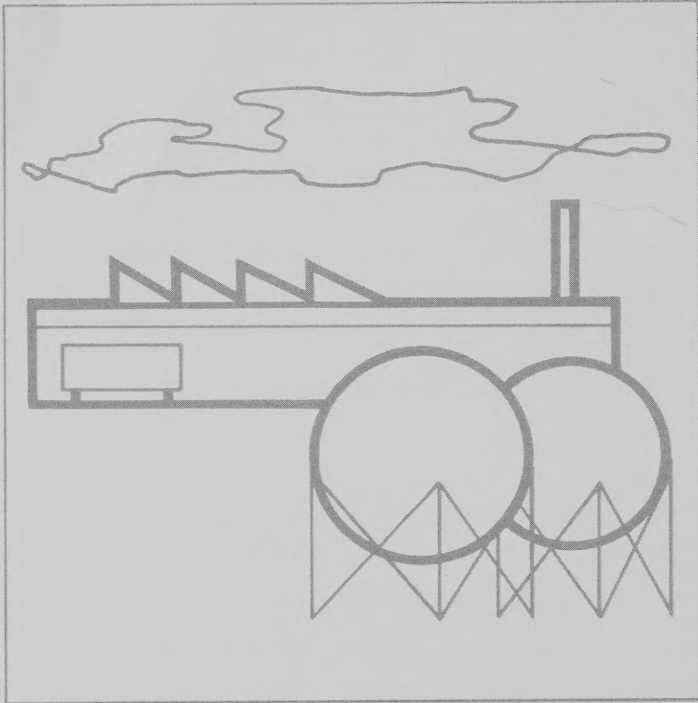
Investment and Equities in Non-Consolidated Affiliates

	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960
<i>(in thousands of dollars)</i>										
Investment—at cost	\$ 2,799	\$ 2,712	\$ 1,912	\$ 1,912	\$ 1,912	\$ 1,912	\$ 1,949	\$ 1,675	\$ 1,675	\$ 1,675
Square D equities in:										
Net assets	10,337	8,383	7,473†	7,052†	6,057†	5,168†	4,820	3,919	3,868	3,423
Net earnings	2,262	2,197	1,290†	1,355†	1,129†	956†	590	426	835	701
Dividends paid	618	1,133	868	360	178	719	—0—	384	390	250

*Retroactively adjusted to reflect stock splits in 1966 and 1961 and a stock dividend paid in 1960.

†Adjusted to reflect current equity in Italian affiliate.

THE PLAN FOR GROWTH

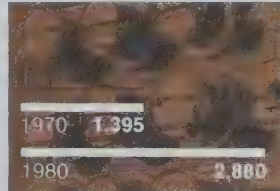


Demand for Power

In the 1970's, the use of electricity in the United States is expected to increase at a rate almost eight times faster than the rate of population growth.

During the decade, total electric utility sales are projected to grow at an average annual rate of 7.5 percent, up slightly from the 7.4 percent annual growth recorded in the Sixties. Power consumption is expected to rise from 1.4 trillion kilowatt-hours (kwhrs) in 1970 to almost 2.9 trillion kwhrs in 1980.

Electrical energy sales
(trillions of kwhrs)



Among the three largest users of electricity, several shifts in power consumption are anticipated in the Seventies.

- **INDUSTRY**, which presently purchases approximately 42 percent of total utility output, is expected to increase its use of electricity at an average annual rate of 7.1 percent, up from the 5.6 percent annual growth of the 1960's.
- **RESIDENTIAL USE**, about 30 percent of total sales, is projected to grow at an 8.2 percent average per year, compared to the 8.4 percent growth of the 1960's.
- **COMMERCIAL USERS**, which account for 21 percent of utility sales, are expected to increase use of electricity at an average rate of 7.1 percent per year, compared to the 10.5 percent average annual growth of the past ten years.

These trends in utility sales reflect our increasing dependency upon electricity in homes and places of employment. For Square D, the trends also give dimensions to the future requirements of electrical users in industrial and construction markets served by the Company.

Meeting the Demand

To satisfy the demands for electricity in the Seventies, and also to restore power



WHAT IS A KILOWATT-HOUR?

In a simple, non-technical description, a kilowatt-hour is equivalent to the amount of electrical energy used to light a 100-watt light bulb for ten hours. In 1960, the average home used about 3850 kwhrs for the year. This year, the annual average use is estimated to be 7060 kwhrs. By 1980, annual household electrical energy consumption should rise to almost 13,000 kwhrs.

Based upon normal use, here are estimated annual kilowatt-hour consumptions of some electrically-powered appliances used in a home.*

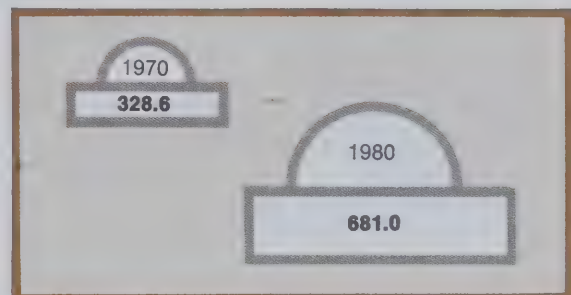
Appliance	Annual Kwhrs Consumption
Carving knife	8
Toaster	39
Electric range	1175
Electric toothbrush	5
Standard water heater	4219
Vacuum cleaner	46
Radio	86
Color television set	502
Room air conditioner	1389

*Edison Electric Institute

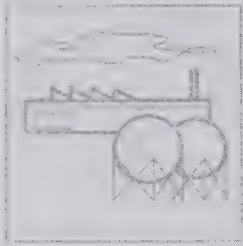
capability margins to normal levels, electric utilities are expected to increase their capacity at an annual average rate of 7.6 percent. This projection of growth now has special significance to Square D since the Company expects to increase greatly its direct participation in utility expansion projects through both Anderson and Square D product lines.

NOTE: Information based upon data published by *ELECTRICAL WORLD* magazine.

Utility generation capability at time of peak load
(in millions of kilowatts)



THE PLAN FOR GROWTH



INDUSTRIAL MARKET

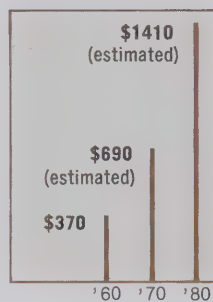
Factory sales by the manufacturing sector of the economy, in current dollars, are expected to climb to \$1,410 billion in 1980, up 104 percent from estimated sales of \$690 billion in 1970. In terms of real growth, sales are projected to increase 63 percent during the next ten years.

As a measure of total manufacturing output, factory sales include all consumer goods, such as food, clothing, cosmetics, cars and appliances. These sales also include the machines and equipment needed to process raw materials and to convert these materials in production operations into finished goods.

One reason for the projected growth of factory sales is the increase in demand for goods created by population increase. Another factor is the anticipated increase in discretionary income—the consumer dollars not required for essential goods. A third factor is the impact of new technologies which expand consumer demands by creating new products and making more goods available at lower costs.

The demand for electrical equipment in the manufacturing sector is expected to grow 70 percent in real terms during the next ten years. Trends toward automation, increased use of lights, air conditioning, and pollution control devices are contributing factors to this growth.

Factory Sales of the Manufacturing Sector (in billions of current dollars)



Also anticipated is the development of new production and processing methods requiring large blocks of electrical power.

Two individual industries are expected to more than double their requirements for electrical equipment in the Seventies. They are the metalworking machinery and equipment industry and the construction, mining and oil field equipment industry.

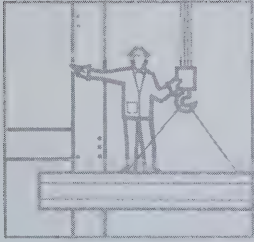
Other industries with anticipated above average requirements for electrical equipment include the following: ■ IRON & FERROALLOY ORES MINING ■ PRIMARY NON-FERROUS METALS MANUFACTURING ■ MATERIALS HANDLING MACHINERY & EQUIPMENT ■ GENERAL & SPECIAL INDUSTRY MACHINERY & EQUIPMENT ■ OFFICE COMPUTING & ACCOUNTING MACHINES ■ MOTOR VEHICLES & EQUIPMENT ■ NEW CONSTRUCTION ■ HEATING PLUMBING & FABRICATED STRUCTURAL METAL PRODUCTS ■ MACHINE SHOP PRODUCTS ■ SERVICE INDUSTRY MACHINES ■ SPECIAL TRANSPORTATION.

All the products made by the Company have application in the entire manufacturing sector. Therefore, these forecasts of industrial growth as well as the trends in electric equipment demand are of direct interest to Square D.

To serve the vast and varied markets in this sector, basic lines of Square D equipment are designed for easy adaptation to the special requirements of individual industries and specific applications.

NOTE: Factory sales data provided by McGraw-Hill Department of Economics; electrical equipment demand information is based upon data from U.S. Department of Labor 1970-1980 Input/Output forecasts.





CONSTRUCTION MARKET

Current dollar spending for new construction put in place in 1980 is expected to reach almost \$200 billion, up 106 percent from \$97 billion estimated for 1970.

Among the four construction demand groups, **CONSUMER HOUSING** is the largest. Expected to grow at an average annual rate of 8.6 percent, residential construction in 1980 is forecast to be \$69 billion. This group includes one- and two-family homes and apartments as well as expenditures for additions and alterations.

In terms of current dollars, the **COMMUNITY FACILITIES** demand group is expected to be the fastest growing, averaging 9.3 percent per year, and by 1980 construction should be almost \$66 billion. Types of construction in this demand group range from office and service buildings to sewage and water facilities and highways.

To provide the goods and services required during the Seventies, construction spending by the **BUSINESS** demand group is expected to grow at an average annual rate of 6.1 percent. In 1980, this spending is expected to exceed \$45 billion for industrial and utility facilities, stores, offices and warehouses required by this group.

The fourth demand group, **INSTITUTIONS**, is expected to grow at an average rate of 4.5 percent per year. In 1980, spending by this group for hospitals, schools and churches is forecast to reach almost \$20 billion.

The increasing rate of growth of electrical work in construction during the Sixties is expected to continue through the Seventies. Electrical work was 9.4 percent of total construction spending in 1960 and is expected

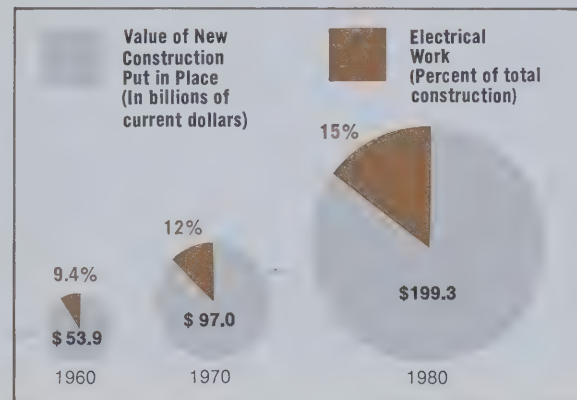
to be 12 percent in 1970. Trends in the industry indicate a rise to 15 percent by 1980.

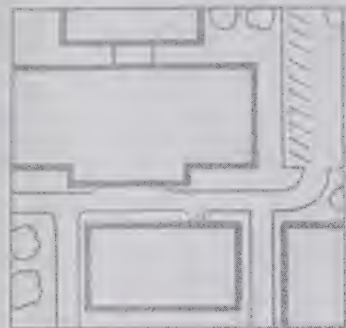
The reasons for more electrical work in construction are rooted in the increasing demand for electrical power in everyday activities. The all-electric concept for homes and offices, the increasing reliance on office machines and computers in service industries, the many new conveniences in homes—all contribute to requirements for more electrical work in both new construction and renovation.

Overall trends as well as those in individual construction markets are of direct interest to Square D. And they influence many areas of the Company's operations besides product development and marketing strategy.

For example, modular construction in consumer housing is becoming increasingly popular. However, like many mass production operations, the assembly of modular home units requires immediate availability of circuit breakers and other electrical parts from local distributor inventories. This fast, high volume service, places greater demands upon Square D's distribution system—demands which now can be satisfied efficiently by use of a new computer network and other improvements in the distribution system.

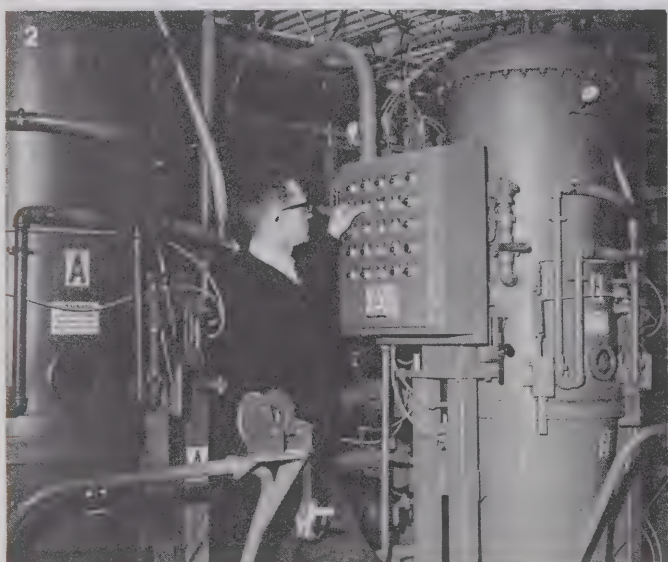
Note: New construction spending information based upon data published by McGraw-Hill Information Systems Company; electrical work data provided by ELECTRICAL CONSTRUCTION & MAINTENANCE magazine.





THE PLAN FOR GROWTH

EXPANSION OF FACILITIES



1 ATLANTA, booming metropolis of the Southeast, is the future location for a new and larger assembly plant and warehouse to replace existing facilities in use by Square D since 1957. Square D equipment distributes and controls electricity in many of the buildings constructed in downtown Atlanta during the 1960's.

2 PERU, Indiana, is the headquarters for Square D's recently created Assembly Group. In 1969, 40,000 square feet of new production area and this neutralization system for cleaning and purifying water used in process operations were added to plant facilities. Now an industrial town of 15,000 people, Peru was at one time the largest circus winter quarters in the world.

3 LYNDHURST, New Jersey, is the site of a new 50,000-square-foot redistribution warehouse. Shown in the foreground, Lyndhurst is six miles west of New York City, and two miles west of the Company's assembly plant and warehouse in Secaucus, N.J. Space made available in Secaucus facility by the shift of warehousing activities to Lyndhurst will be used to enlarge production operations.

4 MIDDLETOWN, a major manufacturing center in southern Ohio, is the home of Square D's new Barkelew plant. In 1969, the Company made arrangements to purchase 8 acres of land for future expansion of existing facilities. Acquired by Square D in 1967, Barkelew makes a wide variety of electrical switches, including the Bolt-Loc® pressure contact switches shown here in assembly.



To provide the manufacturing capacity necessary to meet the anticipated market demands for electrical equipment in the years ahead, a long range expansion program was initiated by Square D in 1969. Activities in the \$9,000,000 first phase of this program in 1969 included:

- Arrangements to purchase land in Lincoln, Nebr., Atlanta, Ga., and Middletown, Ohio.
- Expansion of existing facilities in Oxford, Ohio, and Peru, Ind.
- Purchase of land and construction of a new warehouse in Lyndhurst, N. J.
- Leasing of a warehouse in Omaha, Nebr.

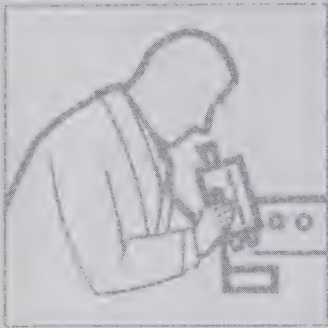


5 OXFORD, Ohio, home of Miami University and its architectural tradition of red brick buildings, was the scene of further construction to the Square D plant in 1969. When completed in 1970, the new addition will increase total floor space to 230,000 square feet. The facility manufactures wireway and underfloor raceway products. Here, sections of wireway are hooked onto an overhead conveyor and carried into a paint dip process.

6 OMAHA, the largest city in Nebraska, was added to the list of Square D redistribution warehouse locations in 1969. The new warehouse, a 32,000-square-foot facility, is being incorporated into the Company's nationwide product distribution system this spring. Omaha, the nation's fourth largest railroad center, serves an overnight market area of more than 35,000,000 persons in the midwest.

7 LINCOLN, capitol city of Nebraska, is the location for a new manufacturing plant to be built on a 26-acre site being purchased by Square D. State capitol building, 400-feet high and called the "Tower of the Plains," dominates the Lincoln skyline. The midwestern city of approximately 180,000 people also is the home of the University of Nebraska.





THE PLAN FOR GROWTH

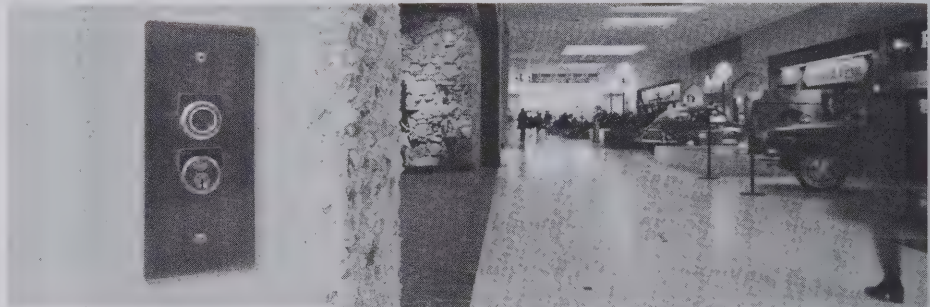
INNOVATION AND IMPROVEMENT

Product innovation through internal development programs and by acquisition as well as continuing improvements in operations are integral parts of the plan for growth.

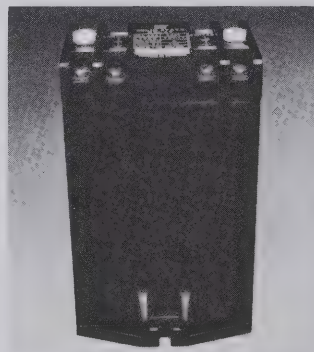
Research and development programs, which changed more than 80 percent of the Company's products in the Sixties, are expected to maintain or exceed that rate of product change in

1969 Product Innovation

- ☐ A new line of large, molded case circuit breakers. Equipment features an exclusive Square D design which permits easy adaptation of units to various circuit requirements.
- ☐ Underwriters' Laboratories listing of Bolt-Loc pressure contact switches. High capacity units are the first in the electrical industry to receive UL listing.
- ☐ Larger size unit in Square D's basic line of magnetic starters. Smaller sizes have established excellent market acceptance in the past two years.
- ☐ New line of tap-off devices for I-Line® busways. Device enclosures and connections are designed to expand and simplify installation of power distribution systems in commercial and industrial buildings.
- ☐ New lines of door-closing and operating mechanisms for electrical equipment enclosures. Highly versatile products replace devices pioneered by Square D in the late 1950's and have a wide range of industrial applications.
- ☐ Addition of industrial-type devices to Square D's extensive line of temperature switches. New models are designed for the automatic control of temperatures on diesel engines, large compressors and various machine tools.



The first commercially available SECURITY CONTROL STATIONS for overhead doors were introduced by Square D in 1969. The stations feature a tamper-proof design to prevent unauthorized operation. Shown here in a shopping center, the units can be used in many residential, commercial and industrial applications.



This SOLID STATE RELAY is another Square D application of electronic technology to control equipment for improved product performance. Equipped with extremely reliable, non-moving electronic components, the new relay can be used in a wide variety of industrial applications, particularly those requiring exceptional reliability, long switching life or high-duty cycle use.



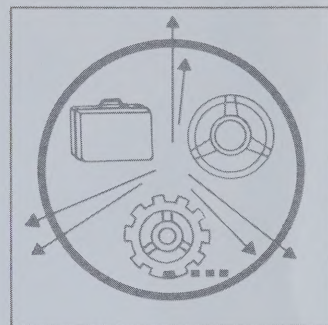
Introduced in 1969, this 400 ampere SAFETY SWITCH is the forerunner of a complete family of high performance safety switches. Designed for use with the newest fuse engineering, the unit is compatible with the heaviest network power systems.

the years ahead. Company research and development activities in 1969 concentrated upon both the development of new products and the expansion of the many basic lines of equipment brought to market in recent years. Some results of 1969 product activity are indicated on page 14.

Increased efforts to acquire other firms also are expected to provide further diversification of product lines.

For example, the proposed acquisition of Anderson Electric, when completed in spring of 1970, will add a wide variety of product lines totally new to Square D Company.

At the same time, new ways to improve efficiency in operations are under continuing investigation. Typical results of these programs undertaken in manufacturing, distribution and sales in 1969 are illustrated below.



Recent college graduates continue their education in Square D's formal training program prior to assignment to the Company's field engineering staff. In 1969, substantial refinements were instituted to increase the effectiveness of training sessions.



Pinpoint accuracy in the assembly of advanced electronic control devices is achieved by this numerically controlled wiring machine added to Square D manufacturing operations in 1969.



Instant information concerning the status of customer orders and the availability of products throughout the entire distribution system are provided by these television display units at Square D's Merchandise Control Operation in Florence, Ky. Units are part of a nationwide computer system completed by the Company in 1969 to improve customer service in product distribution operations.





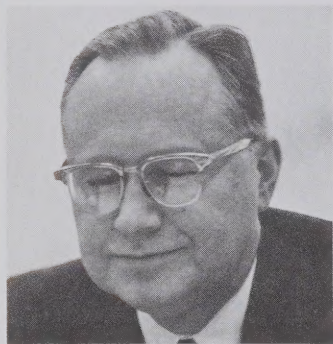
M. P. KARTALIA, 56,
President, 29 years service

JAMES F. MAGIN, 47,
Vice President—Planning and Development,
24 years service



W. R. CLARKE, 52,
Vice President—Marketing,
28 years service

R. W. THOMPSON, 62,
Commercial Vice President,
39 years service

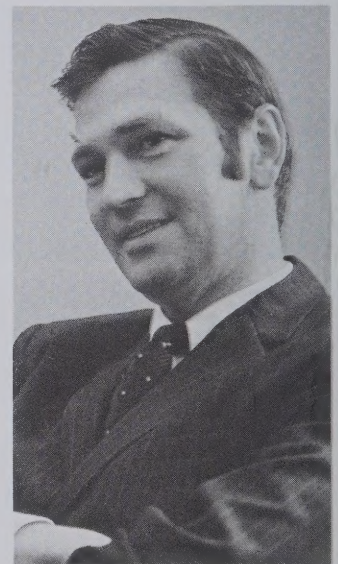


PAUL A. CHRISTENSON, 54,
Vice President—Manufacturing,
27 years service

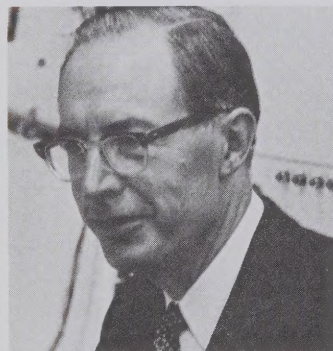
OFFICERS



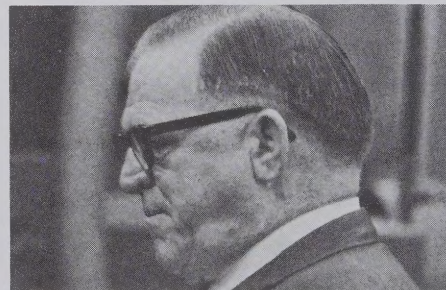
JAMES H. BURNS, 50,
Vice President—Personnel Relations,
24 years service



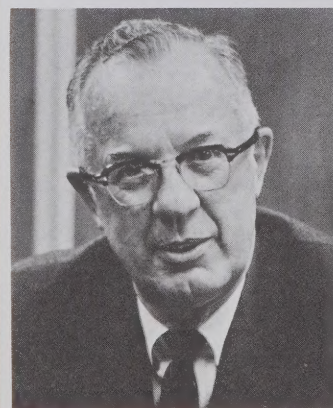
J. P. MAYOTTE, 42,
Vice President—International,
21 years service



J. S. VAUGHAN, 54,
Vice President—Group Manager,
24 years service



GRANT McDONALD, 61,
Vice President—Group Manager,
41 years service



C. W. DENNY, 62,
Vice President—Plant Manager,
37 years service



D. E. WILSON, 45,
Vice President—Finance

R. E. SHERIDAN, 50,
Treasurer—Controller, 28 years service

E. R. FOWLER, 42,
Secretary, 10 years service

DIRECTORS

H. R. BOYER

*Retired (formerly Officer,
General Motors Corporation)*

JAMES H. BURNS

Vice President—Personnel Relations

PAUL A. CHRISTENSON

Vice President—Manufacturing

*ALLAN D. EMIL

*Partner, Rosenman, Colin, Kaye, Petschek,
Freund and Emil, New York. Attorneys.*

*M. P. KARTALIA

President

*WALTER J. KOHLER, JR.

*Chairman of the Board, The Vollrath Company,
Sheboygan, Wis. Stainless Steel Products.*

*LYNFORD LARDNER, JR.

*Partner, Foley & Lardner,
Milwaukee, Wis. Attorneys*

JAMES H. LORIE

*Professor of Business Administration
University of Chicago, Chicago, Ill.*

*L. G. MAECHTLEN

*Former Chairman of the
Board of the Company.*

*JAMES F. MAGIN

Vice President—Planning and Development

GRANT McDONALD

Vice President—Group Manager

*GRAHAM J. MORGAN

*President, United States Gypsum Company,
Chicago, Ill. Building Materials*

*T. R. OAKES

*Former Vice President—Secretary-Treasurer
of the Company.*

ANDREW L. PONTIUS

*President, The Powers Regulator Company,
Skokie, Ill.*

**Members of Executive Committee*



Honorary Directors

HOWARD HALL

JOSEPH H. PENGILLY

SQUARE D OPERATIONS

in the United States

MANUFACTURING PLANTS

Asheville, North Carolina	Middletown, Ohio
Cedar Rapids, Iowa	Milwaukee, Wisconsin
Cleveland, Ohio	Oxford, Ohio
Glendale, Wisconsin	Peru, Indiana
Huntington, Indiana	Three Rivers, Michigan
Lexington, Kentucky	

REGION ASSEMBLY PLANTS

Atlanta, Georgia	Los Angeles, California
Chicago, Illinois	San Francisco, California
Dallas, Texas	Seattle, Washington
Denver, Colorado	Secaucus, New Jersey
Detroit, Michigan	

MANUFACTURING'S BASE WAREHOUSE

Florence, Kentucky

REDISTRIBUTION WAREHOUSES

Atlanta, Georgia	Philadelphia, Pennsylvania
Chicago, Illinois	St. Louis, Missouri
Dallas, Texas	Seattle, Washington
Detroit, Michigan	Secaucus, New Jersey
Los Angeles, California	Tampa, Florida
Omaha, Nebraska	

outside the United States

Square D Company Canada Limited—Toronto.

Plants in Toronto and Stratford, Ontario; and regional assembly facilities in Montreal and Vancouver. Regional distribution warehouses in Montreal, Toronto, Vancouver and Winnipeg.

Square D Limited—Swindon, England.

Square D de Mexico, S. A.—Mexico City.

Square D Italia S.p.A.—Arenzano.

Square D Company Australia Pty. Limited—Melbourne.

Square D France S.A.—Paris.

